

Janus Henderson Horizon Pan European Smaller Companies Fund

May 2021

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For professional investors only

Fund Managers Names

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Macro backdrop

May saw the end of a busy first quarter reporting season, which continued to propel markets higher and made the European market one of the best performing major equity regions. Similar to April, the majority of company earnings beat the expectations of sell-side analysts, although in many instances perhaps not that of buy-side analysts, as share price moves did not reflect the earnings upgrades implied by many company releases.

Fund performance and activity

The best performing stocks included TKH Group, a technology specialist in machine vision and tyre equipment, as the company received broker upgrades based on improving orders. FLEX LNG, which offers efficient liquefying and transportation of natural gas, also rose due to strong LNG demand and strong cash generation. UK house builder Crest Nicholson benefited from a booming UK housing market following government tax incentives in the wake of the COVID-19 pandemic. John Laing Group also added to returns after being the subject of a private equity bid. The first half of the year has seen elevated levels of corporate activity with John Laing the sixth portfolio holding to be bid for. While rates remain low, confidence is improving in board rooms and private equity has large cash piles we would expect merger and acquisition (M&A) activity to remain high - particularly in small caps with more attractive valuations and strong balance sheets.

Detractors included Aareal bank. The stock drifted following its AGM, where a vocal activist investor failed to push management into what they viewed to be value creating actions. We continue to hold the shares as to us it made little sense that investors seem willing to buy hotel stocks for the "recovery" but not those that lend to hotels on a low loan-to-value basis. Also, Aareal has been earning some nice margins on new loans due to reduced competition from mainstream banks, and we like the software business within Aareal Bank. Other detractors include Kahoot!, which we have now sold as we thought its growth rates were not at a level which matches its share price. Renewable energy company Nordex also dragged on returns due to inflationary pressures in its supply chain, and a broader reversal in sentiment toward green energy stocks.

We added three stocks to the portfolio. The first was Antares Vision, a company that provides inspection tracking systems for food and drug retail. We took part in a capital raise to build our position. The second was the initial public offering (IPO) of Montana Aerospace, an aerospace supplier which has benefited from the big producers looking to narrow their list of suppliers - allowing market share gains. We also added Media and Games Invest which not only offers video gaming exposure but also to the growing online marketing revenue associated with the fledgling industry. Sales predominantly took the form of profit-taking in names where the valuation had become less compelling to us. This included Bankinter (following the spin out of its insurance business, Linea Directa) and Embracer.

Outlook/strategy

We continue to operate a relatively balanced portfolio with exposure to both high growth and lowly valued shares. The inflation debate will likely swing back and forth from being top of investors agenda to a nagging risk factor depending on the data each month, but it is our view that valuation, as a fundamental factor in stock selection, will be more significant in the coming years than it has been for the past decade.

Source: Janus Henderson Investors, as at 31 May 2021

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Fund information

Index	EMIX Smaller European Companies Index
Morningstar sector	Europe OE Europe Small-Cap Equity
Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the EMIX Smaller European Companies Index, after the deduction of charges, over any 5 year period.

Performance in (EUR)

Performance %	A2 (Net)	Index	Sector	Quartile ranking
1 month	2.8	2.3	2.0	2nd
YTD	21.5	16.0	16.5	1st
1 year	69.5	48.0	49.2	1st
3 years (annualised)	12.6	10.2	10.0	1st
5 years (annualised)	13.5	10.7	11.3	1st
10 years (annualised)	11.7	10.5	11.3	1st
Since inception 27 Aug 1993 (annualised)	10.7	10.3	10.3	-

Source: at 31 May 2021. © 2021 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Discrete year performance %	A2 (Net)	Index	Sector
31 Mar 2020 to 31 Mar 2021	97.5	62.3	66.6
31 Mar 2019 to 31 Mar 2020	-21.6	-17.3	-16.5
31 Mar 2018 to 31 Mar 2019	-9.4	-0.9	-6.2
31 Mar 2017 to 31 Mar 2018	9.4	6.4	9.3
31 Mar 2016 to 31 Mar 2017	22.4	16.4	16.7

Source: at 31 Mar 2021. © 2021 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Source for target returns (where applicable) – Janus Henderson. Where quartiles are shown, 1st quartile means the share class is ranked in the top 25% of share classes in its sector.

Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective.

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Past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

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For further information on the Luxembourg-domiciled Janus Henderson fund range please contact your local sales office or visit our website: www.janushenderson.com.

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Important information

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A copy of the Fund's prospectus, key investor information document, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the local offices of Janus Henderson Investors: 201 Bishopsgate, London, EC2M 3AE for UK, Swedish and Scandinavian investors; Via Dante 14, 20121 Milan, Italy, for Italian investors and Roemer Visscherstraat 43-45, 1054 EW Amsterdam, the Netherlands. for Dutch investors; and the Fund's: Austrian Paying Agent Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider CACEIS Belgium S.A., Avenue du Port 86 C b320, B-1000 Brussels; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid (Registered in Spain under CNMV 353. The Custodian in Spain is BNP PARIBAS SECURITIES SERVICES S.C.A.); Singapore: Singapore Representative Janus Henderson Investors (Singapore) Limited, 138 Market Street, #34-03/04 CapitaGreen, Singapore 048946; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent. RBC Investor Services Trust Hong Kong Limited, a subsidiary of the joint venture UK holding company RBC Investor Services Limited, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, Tel: +852 2978 5656 is the Fund's Representative in Hong Kong.

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